



June 10, 2003

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Room TWB-204
Washington, D.C. 20554

Re: WC Docket No. 02-112, Extension of Section 272 Obligations of Southwestern Bell Telephone Company in the State of Texas

Notice of Ex-Parte Communication

Dear Ms. Dortch:

On Monday, June 9, 2003, Brett Kissel, Jackie Flemming, Gary Phillips, Anu Seam and Michelle Thomas of SBC Communications Inc. met with William Dever, Christine Newcomb and Pamela Megna of the Wireline Competition Bureau's Competitive Policy Division. The purpose of the meeting was to address the AT&T petition and *ex parte* of May 29, 2003 in the above captioned proceeding. The attached documents were provided to the Division staff.

In accordance with section 1.1206 of the Commission's rules, this letter is being filed in the above referenced proceeding via the Commission's ECFS system. Should you have any questions regarding the attached, please do not hesitate to contact me by whatever means are most convenient for you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Brett Kissel". The signature is fluid and stylized, with the first and last names being clearly legible.

ATTACHMENT

Cc: W. Dever
P. Megna
C. Newcomb



Ex parte, WC Docket No. 02-112, Extension of Section
272 Obligations of Southwestern Bell Telephone Co. in
the State of Texas

SBC Communications Inc.

June 9, 2003

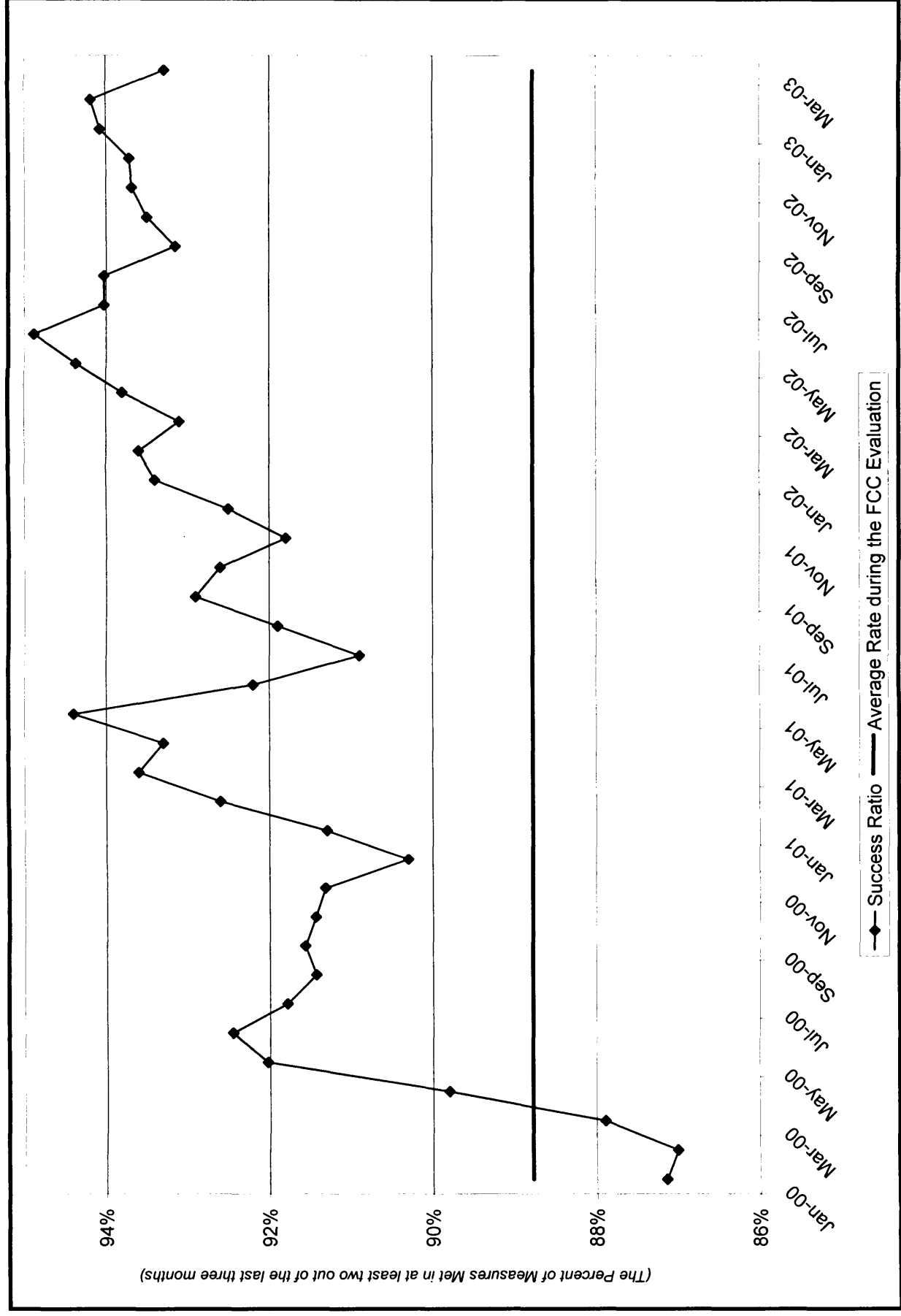
Section 272 Should Sunset for SWBT in Texas by

Operation of Law



- ☐ The FCC has already rejected AT&T's arguments for continuing structural separation by allowing section 272 sunset to occur by *operation of law* for Verizon in New York. See Public Notice and Order in WC Docket No. 02-112.
- ☐ The Commission has, in a variety of contexts, recognized that structural separation is unnecessary to prevent discrimination and cross-subsidization. In fact, SBC is not aware of any instance, other than when required by law, that the Commission has elected to impose or retain structural separation requirements. To the contrary, whenever the Commission has the option of eliminating or refraining from such requirements, it elects that option.
- ☐ Even when the BOCs had franchised monopolies and were subject to rate of return regulation at both the state and federal level, the Commission found that structural separation was not necessary to prevent the BOCs from using their market power in local services to reduce competition in adjacent competitive markets. (*Computer III, and CPE Orders*)
 - The Commission subsequently reiterated this finding when it concluded "in light of our determination that nonstructural safeguards will effectively protect against BOC cross-subsidization and discrimination, that a structural separation requirement is an unnecessary government intrusion into business judgments by the BOCs regarding the most effective corporate organization for the provision of enhanced services." *Computer III Remand Proceedings*, Report and Order, 6 FCC Rcd 7571 at paragraph 108 (1991).
- ☐ Significantly, the lifting of structural separation has not resulted in discrimination or cross-subsidization, as proponents of those requirements predicted.

SWBT Overall Performance Measurement Goals Met in Texas



SOURCE: SBC data provided to the Texas PUC.